



PSC NEWS

Missouri Public Service Commission

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PSC STAFF FILES COMPLAINT IN MISSOURI-AMERICAN WATER COMPANY CASE

Jefferson City (October 3, 2003)---Alleging current rates and charges for water service, on a total Company basis, are unjust and unreasonable, the Staff of the Missouri Public Service Commission has filed a complaint seeking to reduce the annual water revenues of the Missouri-American Water Company by approximately \$20 million.

While the PSC Staff seeks a reduction in the total water revenues of the water company, not all districts would receive a reduction under the Staff filing. According to Staff testimony, some water districts of the Missouri-American Water Company would actually see an increase based upon the PSC Staff's overall cost of service analysis. On October 10, 2003, the Staff is scheduled to file its testimony regarding rate design, which will show the effects of the PSC Staff's recommended changes in the Company's revenues on customer rates in each of the nine water districts.

Extensive testimony regarding the PSC Staff recommendation was filed today with the full Commission. The PSC Staff states the principal issues that comprise its request to reduce the water revenues of the Missouri-American Water Company include: the cost of capital (the return on common equity and the capital structure) and various depreciation issues.

The Missouri-American Water Company has a pending rate increase case which it filed at the Commission on May 19, 2003, seeking to increase its overall water revenues by approximately \$20 million a year. The Company also seeks to increase sewer revenues by approximately \$1,600 for 100 sewer customers in its Platte County District.

It is important to note that the Missouri Public Service Commission will ultimately determine whether any change in current rates should occur. That decision will come only after the Commission conducts extensive hearings.

The Missouri-American Water Company serves approximately 413,965 water customers in nine districts (St. Charles, Brunswick, Joplin, Jefferson City, Mexico, Platte County, St. Louis County, St. Joseph and Warrensburg) in Missouri. The Missouri-American Water Company also serves approximately 100 sewer customers in its Platte County District.

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